GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5874
ANSWERED ON:03.05.2002
DIRECTORS OF BANKS FI S
CHANDRA BHUSHAN SINGH;SULTAN SALAHUDDIN OWAISI

Will the Minister of FINANCE be pleased to state:

(a) whether consultative group of directors of banks and financial institutions qunder the Chairmanship of A.S. Ganguly has submitted its report to the-RBI;

(b) if so, the details of the report so submitted;

(c) whether the group has suggested measures to strengthen supervisory role of the Boards;

(d) if so, the details thereof;

(e) whether RBI has since considered the recommendations of the group; and

(f) if so, the final decision taken or being taken by the government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a) : Yes Sir.

(b), (c)&(d) : The major recommendations of the Group are as under:

(I) appointment of one more whole-time director on the Boards of large-sized nationalised banks,

(ii) establishment of appropriate due diligence procedures for appointment of directors on the boards of private sector banks,

(iii) setting up Of Nomination Committees of Boards of banks to recommend appointment of independent!non-executive directors,

(iv) building and creation of a pool of professional and talented people for board level appointments in banks and also maintenance of the data for the purpose by Reserve Bank of India etc.,

(v) besides above, the recommendations also focus on the role and responsibilities of independent! non-executlve directors, their training & remuneration, commonality of directors of banks and NBFCs, information flow to/from the Board, Composition of Financial Committees of the Boards, etc.

(e)&(f) : Reserve Bank of India is examining the recommendations of the Group.